



Sentiment Remains Positive After Rate Rise

- The market's reaction to the big move higher in interest rates on Wednesday was quite positive as more yield-focused investors can now achieve their targets after corporate yields reached their highest level since 2010. Things got interesting Thursday and Friday as the volatility continued and stocks sold off but overall, sentiment remains solid with investment grade credit outperforming most other asset classes last week.
- Moody's placed Anheuser-Busch's A3 rating on watch for downgrade last week for failing to de-lever quickly enough after the SABMiller acquisition in January of 2016. As a result, their spreads were 5 to 10 basis points (bps) wider on the news.
- GE spreads also widened last week. After firing its CEO and taking a \$23 billion goodwill write-down on its power business, S&P downgraded the company two notches to BBB+ from A while Moody's and Fitch both placed GE's ratings on watch for downgrade.



Source: Bloomberg

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